

## Message Text

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ORIGIN EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 FCSC-01 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15

/162 R

DRAFTED BY EA/J:JWCAMPBELL:FIM/DA:EFREIMUTH

APPROVED BY EA - MR. SNEIDER

EA/J - MR. SHERMAN

OASD/ISA - MR. DOOLIN (DRAFT)

----- 088363

R 162318Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

INFO AMCONSUL NAHA

OSD(ISA)

DA

DIV ENG USA ENG DIV PAC OCEAN HONOLULU

DIST ENG USAEDJ OKINAWA

C O N F I D E N T I A L STATE 077437

E.O. 11652:GDS

TAGS: PDEV, AFIN, JA

SUBJECT: OKINAWA REVERSION: CLAIMS AGAINST PUBLIC  
UTILITY CORP.

REF: TOKYO 3671, DTG 200557ZMAR74

1. REGRET THAT WE ARE UNABLE TO AUTHORIZE EMBASSY  
TO ENTER NEGOTIATIONS WITH GOJ TO UTILIZE MONIES FROM  
THE GENERAL FUND CASH ACCOUNT FOR PURPOSE OF PAYING  
DEMAURO CLAIMS AGAINST THE WATER CORPORATION, AS PROPOSED  
REFTEL.

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2. THE PRESIDENT'S FY 1974 BUDGET STATES WITH RESPECT

TO THE GENERAL FUND: "THE BALANCES REMAINING IN THE FUND AT REVERSION WERE TRANSFERRED FROM THE US CIVIL ADMINISTRATION TO THE CUSTODY OF THE US ARMY BASE COMMAND, OKINAWA, TO MEET OBLIGATIONS OUTSTANDING AGAINST THE FUND." LIMIT ON USE OF GENERAL FUND MONEY AFTER REVERSION ORIGINATED WITH THE MEMORANDUM OF LAW OF 2 OCTOBER 1969, JOINTLY DEVELOPED BY STATE/DEFENSE/TREASURY AND OMB IN WHICH IT WAS DETERMINED THAT GENERAL FUND ASSETS ARE OWNED BY THE USG. AS YOU WILL RECALL, THE 2 OCTOBER MEMORANDUM WAS PROVIDED GOJ BY THE TREASURY NEGOTIATOR AS THE USG POSITION EARLY IN THE REVERSION NEGOTIATIONS AND WAS THE BASIS FOR THE DECISION THAT MONEY ACCRUING TO THE GENERAL FUND ACCOUNT, SUCH AS THE PROCEEDS FROM SALE OF BANK STOCK, WOULD BE DEPOSITED IN THE TREASURY.

3. IN CONSIDERATION OF THE ABOVE, OMB HOLDS THAT AFTER LIQUIDATION OF EXISTING USG GENERAL FUND OBLIGATIONS THE REMAINDER OF THE GENERAL FUND MONEY MUST REVERT TO MISCELLANEOUS RECEIPTS OF THE TREASURY. OMB DOES NOT BELIEVE THAT LEGAL AUTHORITY EXISTS FOR USG TO PAY THESE CLAIMS FROM THE GENERAL FUND CASH ACCOUNT AND DOES NOT LOOK FAVORABLY ON APPROACHING CONGRESS FOR LEGISLATION THAT WOULD BE REQUIRED IN ORDER TO REPROGRAM THESE FUNDS FOR PURPOSES OTHER THAN THOSE FOR WHICH THEY WERE INTENDED. ADDITIONALLY, UNDER THE FORMER USCAR PROCEDURES PAYMENT OF CONTRACT CLAIMS AGAINST ONE OF THE GENERAL FUND CORPORATIONS WOULD HAVE BEEN THE RESPONSIBILITY OF THE CORPORATION INVOLVED RATHER THAN THE RESPONSIBILITY OF THE GENERAL FUND CASH ACCOUNT. GOJ MIGHT FIND IT USEFUL TO WORK OUT A SIMILAR MECHANISM. IN ANY EVENT, IT IS RECOGNIZED THAT GOJ ASSUMED THE OBLIGATIONS OF THE GENERAL FUND CORPORATIONS UNDER ARTICLE 6 OF THE REVERSION TREATY.

4. THE CORPS OF ENGINEERS IS PREPARED TO PROVIDE GOJ WITH ASSISTANCE IN THE MATTER OF THE OUTSTANDING CLAIMS. SINCE THE COE ENTERED INTO AND ADMINISTERED THE CONTRACTS IN QUESTION BEFORE REVERSION AS THE CONSTRUCTION AGENT OF THE RYUKYU DOMESTIC WATER CORPORATION  
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TION (NOW, OKINAWA PREFECTURE ENTERPRISES DEPARTMENT), PERHAPS THE MOST APPROPRIATE PROCEDURE WOULD BE FOR GOJ TO AUTHORIZE USG TO HAVE THE COE SETTLE THE CLAIMS UNDER THE ACTUAL TERMS OF THESE CONTRACTS. THIS PROCEDURE WOULD INVOLVE NEGOTIATING A SETTLEMENT WITH DEMAURO OR DEFENDING AGAINST THE CLAIMS BEFORE THE BOARDS OF CONTRACT APPEALS. IN EITHER CASE THE AMOUNT FINALLY DETERMINED DUE AND THE ADMINISTRATIVE COSTS OF SETTLE-

MENT WOULD BE REPORTED TO GOJ FOR PAYMENT.

5. INFORMATION AVAILABLE TO DA IS THAT ASBCA 12374 (PARA 5 REFTEL) DETERMINED ONLY THAT DEMAURO WAS ENTITLED TO SOME PAYMENT FOR WORK INVOLVED IN THAT CLAIM, NOT NECESSARILY THE AMOUNT CLAIMED. THE CLAIM WAS REMANDED TO THE CONTRACTING OFFICER FOR NEGOTIATION OF THE AMOUNT DUE.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT DRAFT, PROPERTY WAR CLAIMS, MILITARY AGREEMENTS, PUBLIC UTILITIES, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** JWCAMPBELL:FIM/DA:EFREIMUTH  
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**Executive Order:** GS  
**Errors:** N/A  
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**Previous Classification:** CONFIDENTIAL  
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**Review Authority:** GarlanWA  
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**Secure:** OPEN  
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**Subject:** OKINAWA REVERSION: CLAIMS AGAINST PUBLIC UTILITY CORP.  
**TAGS:** PDEV, AFIN, JA, PUBLIC UTILITY CORPS  
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**Type:** TE  
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